

My name is Tom Hedrick, and I represent Dillon Joyce Ltd, a private investment firm, the Texas Prenatal to Three Collaborative, where I am a steering committee member and Ready Nation where I am a member. I am for the passage of HB 133.

My background is in finance and economics, so I will focus my remarks on areas I am familiar with, meaning the economic implications of passing HB133.

I have two major points to make – First, HB 133 is a sound business and economic decision, and Second, HB 133 can help boost the American dream of economic mobility.

Regarding the first point, there are several economic benefits to keeping moms enrolled in Medicaid for a year after pregnancy, including:

- Avoiding productivity losses (such as absenteeism, missed workdays)
- Avoiding extra health care costs due to inefficient use of health care resources
- Avoiding child behavioral and developmental disorders (such as ADHD, mental health disorders for kids)

Adding all of the benefits above (and several others), a recent study found that Texas's economic benefits would be over **\$366 million per year if new moms get the health care they need.** (1)

The study understates the economic impact as it only keys on mental health. Several studies have shown that moms with Medicaid-provided health care make almost 12% more than expected for moms within a similar socio-economic cohort. (2)

Costs of the bill to the state are less than \$100 million per year. So, excluding the increase in earnings and only keying on the mental health benefits, the returns from investments are over 3.6:1.

That 3.6:1 multiple would put HB133 investment in the top quartile of all private equity funds. (3)

The second reason I strongly support the bill is that it fosters the American dream of economic mobility. Recent research has shown that economic mobility, defined as whether a child makes more than their parents, has decreased by around 30%. (4)

The statistics show that kids born in 1957, the year of my birth, had around a 75% chance of earning more than their parents. That number has now dropped to 50%. So, if you are born today, you have a 50:50 shot at making more than your folks.

What does this bill have to do with kids' ultimate earnings? Plenty. Adult parents on Medicaid have a significantly higher chance of their kids having annual health care visits. And, families have higher household resources stemming from the insurance protection provided by Medicaid.

Recent work on the link between family health care coverage and children's education concludes, "Our findings indicate that health insurance [] for low-income children increases the rate of high school completion and college completion." Thus, better-educated workforce. (5)

Thank you for your time today. I believe that this bill has substantial economic merit and therefore recommend its passing.

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